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C O N F I D E N T I A L SECTION 01 OF 02 SINGAPORE 000089

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TAGS: [PREL](#) [PGOV](#) [CH](#) [TW](#) [IZ](#) [SN](#)

SUBJECT: MM LEE ON CROSS-STRAIT RELATIONS AND IRAQ

Classified By: Ambassador Patricia L. Herbold for Reasons 1.4(b)/(d)

11. (C) Summary: During her January 6 courtesy call, Ambassador Herbold engaged Singapore's senior statesman, Minister Mentor (MM) Lee Kuan Yew, in a wide-ranging discussion covering China, Taiwan, and Iraq. MM Lee commented that the U.S. presence in Asia created the stability that engendered the "Asian Miracle." He stated that China's ascendancy and military build-up are not alarming; China will be focused on its internal economic growth for the "next twenty years." He noted that President Chen Shui-bian's New Year's speech was merely an attempt to boost his domestic standing. He reiterated his view that the United States must remain engaged in Iraq -- a terrorist success there will bring dire consequences for Southeast Asia. End Summary.

China

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12. (U) Ambassador Herbold asked MM Lee for his opinion on China's ascendancy. For at least the next 20 years, China wants no entanglements and prefers to focus on its economic growth, Lee said. MM Lee observed that China is growing quickly, but unevenly, with most growth along the coasts and major rivers. Developing its interior will remain China's greater challenge. If the United States had not brought China into the world community, none of this would be happening, he said, adding that the process now is "not stoppable."

13. (C) Turning to Singapore-China relations, MM Lee recounted that Singapore was the first to recognize China as a "market economy." Negotiations for a Free Trade Agreement (FTA) between Singapore and China had been on track until two things happened. First, Prime Minister Lee Hsien Loong, who was then Deputy Prime Minister, visited Taiwan in July 2004. Second, Singapore supported Japan's bid for a seat on the UN Security Council in the fall. Now, MM Lee wryly observed, China claims that it needs a committee to study the need for an FTA. "They punish you in subtle ways," he said.

14. (SBU) Ambassador Herbold remarked on China's significant military build-up, and MM Lee stated that China wants to increase the price of any potential U.S. intervention in Taiwan. Any conflict between China and Taiwan would be a disaster, said Lee, and China does not want one. Not only would Chinese be killing fellow Chinese, but any conflict would result in economic embargo and retaliation from the United States and Japan, he surmised.

Taiwan

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15. (C) The Ambassador and MM Lee discussed President Chen Shui-bian's New Year's Day speech. MM Lee thought President Chen's goal was to boost the standing of his Democratic Progressive Party, which did not perform well in the December 3 municipal elections. MM Lee also commented that President Chen is "parochial" and has miscalculated, believing that the Chinese will be preoccupied with the 2008 Olympics and failing to recognize that "the world community values peace, stability and growth more than it values Taiwan."

16. (C) When asked about the opposition party's prospects in the 2008 Presidential election in Taiwan, MM Lee responded that the current mayor of Taipei, the Kuomintang's Ma Ying-jeou, is young and not corrupt. Though the son of a mainland family, he was born in Hong Kong. MM Lee asserted that Ma didn't have an emotional bond with China, and a vote for him would be one way Taiwanese could moderately express a distinction between themselves and China.

Iraq

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17. (SBU) Turning to Iraq, MM Lee emphasized the importance of defeating the terrorists there. If they win in Iraq, they will be emboldened in Southeast Asia. If they are defeated in the Middle East, however, they will become disheartened. Comparing the situation to Vietnam in the sixties, he repeated his frequent admonition that the United States must remain fully engaged in Iraq. He observed that, in Vietnam, the South had lost the will to fight, whereas in Iraq, the Shiites and Kurds have not lost the will to fight, so it is feasible that Iraqis will begin to take over the fight, and

U.S. casualties will diminish, making the situation more palatable for Americans. Though a risk, civil war could be avoided, said the MM, if the Gulf States do not support the Sunnis, as the Sunnis cannot continue to fight without outside help. MM Lee noted he will travel to Saudia Arabia in the next two weeks.

Closing

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18. (U) In closing, MM Lee commented that the United States had made the "Asian miracle" happen. He observed that the United States had fought three wars in the region -- World War II, Korea, and Vietnam. Both Japan and Korea recovered from these conflicts with U.S. assistance; Taiwan, Hong Kong and Singapore became the "little tigers"; and China and India are on the rise. MM Lee said that the United States needs to remain engaged in Asia for a long time to come. The U.S. presence is important for stability; without stability, there can be no growth.

HERBOLD